

CHAPTER 25 ACCOUNTANTS

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2500 BOARD OF ACCOUNTANCY

- 2500.1 The provisions of this chapter are adopted by the District of Columbia Board of Accountancy (the "Board") pursuant to its authority under the Public Accountancy Act of 1977 (the "Act").
- 2500.2 The purpose of this chapter is to promote and protect the public interest by implementing the provisions of the Act, which provide for the licensing of certain practitioners of public accountancy, and seek to enhance the reliability of information which is used in financial transactions or for accounting for or assessing the financial status or performance of commercial, non-commercial, and governmental enterprises.
- 2500.3 All public records of the Board are open for inspection and examination under the supervision of an employee of the Department during normal business hours.
- 2500.4 Copies of the records of the Board shall be public except those made confidential by law.
- 2500.5 All Board proceedings shall be open to the public unless specifically provided otherwise by law.
- 2500.6 Three (3) members of the Board shall constitute a quorum.
- 2500.7 The chairperson shall have authority to sign all orders issued on behalf of the Board.

AUTHORITY: Unless otherwise noted, the authority for this chapter is §4(l) of the District of Columbia Public Accountancy Act of 1977, D.C. Law 2-59, D.C. Code §2-103 (1981).

SOURCE: Final Rulemaking published at 30 DCR 1101 (March 11, 1983).

2501 APPLICATION FOR CERTIFICATION AND EXAMINATION

- 2501.1 Each applicant for a Certificate of Certified Public Accountant of the District of Columbia or for an endorsement of a Certified Public Accountant certificate shall duly file with the Board an application on a form prescribed and provided by the Board.
- 2501.2 The proper fee and all required documents must accompany the application at the time of filing.

- 2501.3 Each application shall be sworn to before a notary public.
- 2501.4 Each applicant for a Certificate of Public Accountant of the District of Columbia by examination must file an application with the Board no later than ninety (90) days prior to the date of the examination for which the applicant desires to sit.
- 2501.5 Applicants for re-examination shall file an application no later than sixty (60) days prior to the date of the re-examination. The Board may waive this requirement upon a showing of good cause.
- 2501.6 The Board shall notify each applicant of its decision with respect to the applicant's eligibility to take the examination.
- 2501.7 At least ten (10) days prior to the examination, the Board shall notify each eligible applicant of the time and place of examination.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1102 (March 11, 1983), as amended by Final Rulemaking published at 35 DCR 4131 (June 3, 1988).

2502 BOARD ACTION ON APPLICATIONS

- 2502.1 The Board shall review and take action on all applications.
- 2502.2 The applicant shall have the burden of proving that he or she meets the required qualifications.
- 2502.3 The Board may not presume qualifications not shown on the application.
- 2502.4 The Board may disapprove an application that fails to provide the required information.
- 2502.5 After giving notice and opportunity for a hearing, the Board may disqualify an applicant for either of the following reasons:
- (a) If the applicant has knowingly made or allowed to be made, directly or indirectly, any false or misleading statements in connection with his or her application; or
 - (b) If the applicant has attempted to influence, directly or indirectly, any member of the Board in the discharge of the member's duties relating to an application.
- 2502.6 At the discretion of the Board, any applicant whose application has been disqualified may not reapply for one (1) year from the date of disqualification.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1102 (March 11, 1983).

2503 EDUCATIONAL REQUIREMENTS

- 2503.1 A candidate for a Certificate of Certified Public Accountant shall hold a degree from a four-year (4) degree-granting college or university recognized by the Board within

the meaning of §8(a)5 of the Act or its equivalent, unless waived by the Board under D.C. Code §2-107(b) (1981).

- 2503.2 The college or university shall be licensed by the D.C. Education Licensure Commission or a member of a regional accrediting agency recognized by the Board.
- 2503.3 The following regional accrediting agencies shall be recognized by the Board:
- (a) Middle States Association of Colleges and Secondary Schools;
 - (b) New England Association of Schools and Colleges;
 - (c) North Central Association of Colleges and Secondary Schools;
 - (d) Northwest Association of Schools and Colleges;
 - (e) Southern Association of Colleges and Schools; and
 - (f) Western Association of Schools and Colleges.
- 2503.4 The educational institution shall be accredited in accordance with this section at the time the applicant's degree is awarded.
- 2503.5 A listing of the colleges and universities accredited by the regional accrediting agencies recognized by the Board is contained in the most recent "Accredited Institutions of Post-Secondary Education," published by the American Council on Education for the Council on Post-Secondary Accreditation.
- 2503.6 If an institution was not accredited at the time an applicant's degree was received but was accredited at the time the application was filed with the Board, the institution shall be deemed to be accredited for the purpose of this section provided it does the following:
- (a) Certifies that the applicant's total educational program would qualify him or her for graduation with a baccalaureate degree during the time the institution has been accredited; and
 - (b) Furnishes the Board satisfactory proof, including college catalogue course numbers and descriptions, that the pre-accrediting courses used to qualify the applicant as an accounting major can be matched with substantially equivalent post accrediting courses.
- 2503.7 If an applicant's degree was received at an accredited college or university as defined in this section, but the educational program used to qualify the applicant as an accounting major includes courses taken either before or after graduation at a non-accredited institution(s), the courses shall be deemed to have been taken at the institution from which the applicant's degree was received if either of the following requirements is met:
- (a) The courses from the non-accredited institution have been included in the applicant's official transcript; or

- (b) The accredited degree-granting institution certifies to the Board that it accepts the courses from the non-accredited institution for credit toward graduation.

2503.8 A graduate of a four-year degree-granting institution not accredited at the time the applicant's degree was received, or at the time the applicant files an application, shall be deemed to be a graduate of a four-year accredited college or university if either of the following conditions is met:

- (a) A credentials evaluation service approved by the Board certifies that the applicant's degree is equivalent to a degree from an accredited college or university defined by this section; or
- (b) An accredited college or university, as defined by this section, accepts an applicant's non-accredited baccalaureate degree for admission to a graduate business degree program, and the applicant satisfactorily completes at least fifteen (15) semester or twenty-two (22) quarter hours (or the equivalent) in post baccalaureate education at the accredited institution of which at least nine (9) semester or thirteen (13) quarter hours (or the equivalent) shall be in accounting; and the accredited college or university verifies that the application is in good standing for continuation in the graduate program, or has maintained a grade point average in the courses that is necessary for graduation.

2503.9 For the purposes of this chapter, a concentration in accounting, or the equivalent, shall consist of a minimum of three (3) semester hours in commercial law and a minimum of twenty-four (24) semester hours in accounting subjects. The accounting subjects shall include, but are not limited to, courses in financial accounting, auditing, cost accounting, and federal income taxes.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1103 (March 11, 1983).

2504 EXPERIENCE REQUIREMENTS

2504.1 To obtain a permit to practice under §15(a) of the Act, an applicant shall have been engaged in the full-time practice of accounting during regular business hours for the full period specified. The Act does not contemplate a single engagement as an accountant or auditor nor incidental accounting work done in addition to other duties as sufficient for purposes of this requirement.

2504.2 The requirements of §2504.1 apply whether the experience of the applicant was obtained in public accounting practice or in private or governmental employment.

2504.3 Experience obtained in private or governmental employment shall qualify if, in the opinion of the Board based upon a review of the character and variety of experience of an applicant, that experience was substantially equivalent to the experience requirements set forth in §2504.4.

2504.4 Each applicant shall show to the satisfaction of the Board that his or her experience has included at least five hundred (500) hours doing the following:

- (a) Application of a variety of auditing procedures and techniques to the usual and customary financial transactions recorded in accounting records;

- (b) Preparation of audit working papers covering the examination of the accounts usually found in accounting records;
- (c) Planning of the program of audit work including the selection of the procedures to be followed;
- (d) Preparation and analysis of financial statements including explanations and notes; and
- (e) Preparation of written explanations and comments on the findings of the examination and on the content of the accounting records.

2504.5 Experience requirements may be fulfilled by a combination of financial audits; reviews; and compliance, operational, and management audits.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1106 (March 11, 1983).

2505 EXAMINATIONS

2505.1 A candidate for a certificate by examination shall be required to pass a written examination which includes the subjects of theory, accounting practice, auditing, and commercial law.

2505.2 The written examination shall be prepared by the American Institute of Certified Public Accountants and approved by the Board.

2505.3 The Board may supplement the written examination with an examination of any relevant subject.

2505.4 A member in good standing of the bar of the highest court of any state shall be deemed to have met the requirements in commercial law without examination.

2505.5 The examination shall be administered in accordance with the examination procedures established by the Board.

2505.6 Examinations shall be held during the months of May and November in each year.

2505.7 A candidate may be excluded from any session of any examination and his or her papers marked failed for tardiness or other violation of the examination procedures.

2505.8 If found guilty of dishonesty in connection with the examination, a candidate shall not be permitted to sit for future examinations for a period of two (2) years.

2505.9 On all written examinations, the passing grade in each subject shall be seventy-five (75).

2505.10 A candidate sitting for an examination shall prepare and submit to the Board examination papers on all subjects in which he or she is required by the Board to be examined and for which the candidate has not obtained credit for receiving a passing grade in any prior examination.

- 2505.11 To pass the written examination, a candidate shall attain credit for a passing grade in all subjects within the time limitations set forth in §2506.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1105 (March 11, 1983).

2506 CONDITIONAL CREDIT

- 2506.1 A candidate shall receive credit for each subject passed as part of an examination if the candidate passes two (2) subjects or accounting practice and receives a minimum grade of fifty (50) in each of the remaining required subjects.
- 2506.2 If a candidate passes three (3) subjects of the examination, he or she shall be conditionally credited with the subjects passed without regard to his or her grade in the subject failed.
- 2506.3 An applicant who, at any examination conducted by the Board, passes the subject of accounting practice, or who passes any two (2) of the subjects prescribed for the entire written examination, shall retain credit for the subject or subjects passed for any of the five (5) consecutive regular examinations conducted by the Board.
- 2506.4 If an applicant who has received any credit(s) does not apply to the Board for re-examination and is not re-examined in the subjects failed at each of the five (5) consecutive regular examinations conducted by the Board, the applicant shall forfeit all credits and shall be re-examined as though he or she were an applicant applying for the first time. The Board may waive this requirement upon a showing of good cause.
- 2506.5 If an applicant who has received any credit(s) fails during the course of the five (5) consecutive regular examinations to pass all of the subjects required, then the credit(s) received shall be cancelled, and the applicant shall be re-examined in all subjects as though he or she were an applicant applying for the first time.
- 2506.6 The Board may accept examination credit(s) from other jurisdictions where transfer of examination credit(s) is for the purpose of completing the examination requirements.
- 2506.7 The Board shall not issue a certificate to any successful candidate who has not taken at least one part of an examination under its supervision.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1105 (March 11, 1983), as amended by Final Rulemaking published at 35 DCR 4131 (June 3, 1988).

2507 NOTIFICATION OF EXAMINATION RESULTS

- 2507.1 As soon as practicable after completing the grading of the examination papers, each applicant shall be notified in writing of his or her grades on each subject taken.
- 2507.2 Within a period of sixty (60) days after receipt of his or her grades, an applicant may request permission to review his or her examination papers by writing the secretary of the Board.

- 2507.3 Upon receipt of this request, the applicant shall be notified of the date and place of review.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1105 (March 11, 1983).

2508 - 2509 [RESERVED]

2510 CODE OF PROFESSIONAL CONDUCT: INDEPENDENCE, INTEGRITY, AND OBJECTIVITY STANDARDS

- 2510.1 A licensee shall not permit his or her name to be associated with financial statements of an enterprise when the association would imply that the licensee is acting as an independent public accountant to the enterprise unless he or she is independent.

- 2510.2 A licensee shall not claim independence if, during the period of a professional engagement, or at the time of expressing an opinion, the licensee did any of the following:

- (a) Had or was committed to acquire any direct or material indirect financial interest in the enterprises;
- (b) Was a trustee of any trust, or executor or administrator of any estate, if the trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprises;
- (c) Had any joint, closely held business investment with the enterprise or with any officer, director, or principal stockholder of the enterprise which was material in relation to the net worth of either the licensee or the enterprise; or
- (d) Had any loan to or from the enterprise or any officer, director, or principal stockholder of the enterprise other than loans of the following kinds made by a financial institution under normal lending procedures, terms, and requirements:
 - (1) Loans obtained by the licensee that are not material in relation to the net worth of the borrower;
 - (2) Home mortgage; and
 - (3) Other secured loans, except those secured solely by guarantee of the licensee.

- 2510.3 A licensee shall not claim independence if, during the period covered by the financial statements or the professional engagement, or at the time of expressing an opinion, the licensee was as follows:

- (a) Connected with the enterprise as a promoter, underwriter, voting trustee, director or officer, or in any capacity equivalent to that of a member of management or of an employee; or

(b) A trustee for any pension or profit-sharing trust of the enterprise.

2510.4 A licensee shall not in the performance of professional services knowingly misrepresent facts, or subordinate his or her judgment to others.

2510.5 In tax practice, a licensee may resolve doubt in favor of his or her client as long as there is reasonable support for the position.

2510.6 A licensee shall not pay a commission to obtain a client, or accept a commission for a referral to a client of products or services of others.

2510.7 The provision of §2510.6 shall not prohibit the following:

- (a) Payments for the purchase of all, or a material part, of an accounting practice;
- (b) Retirement payments to persons formerly engaged in the practice of public accountancy; or
- (c) Payments to the heirs or estate of persons formerly engaged in the practice of public accountancy.

2510.8 A licensee shall not offer or perform professional services for a fee that is contingent upon the findings or results of the services provided.

2510.9 The provisions of §2510.8 do not apply to the following professional services:

- (a) Those involving federal, state, or other taxes in which the findings are those of the tax authorities and not those of the licensee; and
- (b) Those for which the fees are to be fixed by the courts or other public authorities, and which are therefore indeterminate in amount at the time the professional services are undertaken.

2510.10 A licensee shall not concurrently engage in the practice of public accountancy and in any other business or occupation that impairs his or her independence or objectivity in rendering professional services.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1103 (March 11, 1983).

2511 CODE OF PROFESSIONAL CONDUCT: COMPETENCE AND TECHNICAL STANDARDS

2511.1 A licensee shall not undertake any engagement for the performance of professional services which he or she cannot reasonably expect to complete with due professional competence, including compliance, where applicable with the requirements of this section.

2511.2 A licensee shall not permit his or her name to be associated with financial statements in a manner which implies that the licensee is acting as an independent public accountant with respect to those financial statements unless the licensee has complied with applicable generally accepted auditing standards.

- 2511.3 Statements on auditing standards issued by the American Institute of Certified Public Accountants, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards, and departures from these statements shall be justified by anyone who does not follow them.
- 2511.4 A licensee shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles if the financial statements contain any departure from generally accepted accounting principles that has a material effect on the financial statements taken as a whole, except as provided in §2511.5.
- 2511.5 A licensee may express an opinion that financial statements are presented in conformity with generally accepted accounting principles when the financial statements contain a departure from generally accepted accounting principles that has a material effect on the financial statements taken as a whole if the licensee can demonstrate that, by reason of unusual circumstances, the financial statements would otherwise have been misleading.
- 2511.6 When there is a departure, the licensee's report shall describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.
- 2511.7 For purposes of this chapter, generally accepted accounting principles are considered to be defined by pronouncements issued by the Financial Accounting Standards Board and its predecessor and similar pronouncements issued by other Board-approved entities having similar, generally recognized authority.
- 2511.8 In the performance of other accounting services, a licensee shall comply with all professional and technical standards that are generally recognized by the profession for the particular service.
- 2511.9 A licensee shall not in the performance of professional services permit his or her name to be used in conjunction with any forecast of future transactions in a manner that may reasonably lead to the belief that the licensee vouches for the achievability of the forecast.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1109 (March 11, 1983).

2512 CODE OF PROFESSIONAL CONDUCT: RESPONSIBILITIES TO CLIENTS

- 2512.1 A licensee shall not, without the consent of his or her client, disclose any confidential information pertaining to the client that the licensee obtained in the course of performing professional services.
- 2512.2 The provisions of this section do not do the following:
- (a) Relieve a licensee of any obligations under §2511;
 - (b) Affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court;

- (c) Prohibit disclosures in the course of a quality review of a licensee's professional services; or
- (d) Preclude a licensee from responding to any inquiry made by the Board or any investigative or disciplinary body established by law or formally recognized by the Board.

2512.3 Members of the Board and professional practice reviewers shall not disclose any confidential client information that comes to their attention from licensees in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish this information to an investigative or disciplinary body of the kind referred to in this section.

2512.4 A licensee shall furnish to a client or former client, upon request made within a reasonable time after original issuance of the document in question, the following items:

- (a) A copy of a tax return of the client;
- (b) A copy of any report, or other document, issued by the licensee to or for the client;
- (c) Any accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received from the client's account; and
- (d) A copy of the licensee's working papers, to the extent that these working papers include records that would ordinarily constitute part of the client's books and records and are not otherwise available to the client.

2512.5 A licensee may take and retain copies of accounting or other records belonging to, or obtained from or on behalf of, the client that the licensee removed from the client's premises or received from the client's account, when these records form the basis for work done.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1110 (March 11, 1983).

2513 CODE OF PROFESSIONAL CONDUCT: OTHER RESPONSIBILITIES AND PRACTICES

2513.1 A licensee shall not commit any acts of dishonesty, fraud, or falsification of records that reflect adversely on his or her moral fitness to engage in the practice of public accountancy.

2513.2 A licensee shall not permit others to carry out on his or her behalf, either with or without compensation, acts which, if carried out by the licensee, would place the licensee in violation of the Code of Professional Conduct.

2513.3 A licensee shall not use or participate in the use of any form of public communication which refers to the licensee's professional services that contains a false, fraudulent,

misleading, deceptive, or unfair statement or claim including, but not limited to, a statement or claim that does the following:

- (a) Contains a misrepresentation of fact;
- (b) Is likely to mislead or deceive because it fails to make full disclosure of relevant facts;
- (c) Contains any testimonial, laudatory statement, or other statement or implication that the licensee's professional services are of exceptional quality;
- (d) Is intended or likely to create false or unjustified expectations of favorable results;
- (e) Implies educational or professional attainments or licensing recognition not supported in fact;
- (f) States or implies that the licensee has received formal recognition as specialist in any aspect of the practice of public accountancy, if this is not the case;
- (g) Represents that professional services can or will be competently performed for a stated fee when this is not the case;
- (h) Makes representations with respect to fees for professional services that do not disclose all variables affecting the fees that will in fact be charged; or
- (i) Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

2513.4 A licensee shall not, by any direct personal communication, solicit an engagement to perform professional services in the following circumstances:

- (a) If the communication would violate §2513.3 of this section, if it were a public communication; or
- (b) By the use of coercion, duress, compulsion, intimidation, threats, or overreaching, or vexatious or harassing conduct.

2513.5 A licensee shall practice public accountancy only in a sole proprietorship, partnership, or professional corporation organized in accordance with the D.C. Professional Corporation Act, P. L. 92-180, as amended, D.C. Code §29-601 *et seq.* (1981). .

2513.6 A licensee shall not practice public accountancy under a firm name which is misleading in any way as to the legal form of the firm, or as to the persons who are partners, officers, or shareholders of the firm, or as to any matter with respect to which public communications are restricted by §2513.3. However, names of one or more past partners or shareholders may be included in the firm name of a partnership, corporation, or successor, and a partner surviving the death or withdrawal of all other partners may continue to practice under a partnership name for up to two (2) years after becoming a sole practitioner.

2513.7 When requested, a licensee shall respond to communications from the Board within thirty (30) days of receipt by registered or certified mail unless otherwise specified.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1111 (March 11, 1983).

2514 - 2519 [RESERVED]

2520 DENIAL, SUSPENSION, AND REVOCATION OF LICENSES

2520.1 Each applicant for examination, and each applicant for or holder of a license, shall be afforded notice and an opportunity for a hearing prior to any action of the Board that would have one (1) or more of the following effects:

- (a) Denial of permission to take an examination for a certificate for which an applicant has correctly filed and whose application has been accepted as meeting the qualifications for examination;
- (b) Denial of a certificate after an examination for any cause other than failure to pass the examination;
- (c) Denial of a license by endorsement to an applicant who meets the qualifications set forth in the Act;
- (d) Denial of a license to an applicant who meets the qualifications set forth in these regulations and the Act;
- (e) Suspension of a license;
- (f) Revocation of a license;
- (g) Cancellation of a license;
- (h) Censure of a licensee; or
- (i) Refusal to issue a renewal by annual registration for any cause other than failure to pay the prescribed renewal fee.

2520.2 When the Board contemplates taking any action of the type specified in §§2520.1(a), (b), or (c), it shall give the applicant a written notice containing the following information:

- (a) That the applicant has failed to satisfy the Board as to his or her qualification to sit for examination or to be approved for licensure, as the case may be;
- (b) The reasons that the applicant has failed to satisfy the Board; and
- (c) That the applicant may obtain a hearing before the Board by making a request for a hearing in the following manner:

- (1) Write a certified letter to the Board that contains a request for a hearing; and
- (2) Deposit the certified letter in the mail within twenty (20) days after service of the notice.

2520.3 When the Board contemplates taking any action of the type specified in §§2520.1(d), (e), (f), (g), or (h), it shall give the person concerned a written notice containing the following:

- (a) That the Board has sufficient evidence which, if not rebutted or explained, justifies the Board in taking the proposed action; and
- (b) That the Board will take the proposed action unless the person concerned requests a hearing before the Board by making a request for a hearing in the following manner:
 - (1) Write a certified letter to the Board that contains a request for a hearing; and
 - (2) Deposit the certified letter in the mail within twenty (20) days after service of the notice.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1113 (March 11, 1983).

2521 FAILURE TO REQUEST A HEARING

2521.1 If the person concerned does not mail a request for a hearing within twenty (20) days after service of the notice, the Board may, without a hearing, take the action that is proposed in the notice.

2521.2 The Board shall, by certified mail, give written notice of the Board's action to the person concerned, and shall file copies of the notice with the Corporation Counsel, and the Director.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1114 (March 11, 1983).

2522 SERVICE OF NOTICES

2522.1 Any notice required by §2520 may be served either personally by the Director or by certified mail, return receipt requested, directed to the person concerned at his or her last known residence or business address as shown by the records of the Department.

2522.2 If notice is served personally, it shall be deemed to have been served at the time when delivery is made to the person concerned.

2522.3 If notice is served by certified mail, it shall be deemed to have been served on the date borne upon the return receipt showing delivery of the notice to the person concerned or refusal of the person concerned to receive notice.

2522.4 If the person concerned is no longer at the last known address as shown by the records of the Department, and no forwarding address is available, the notice shall

be deemed to have been served on the date the Department received the return receipt bearing that notification.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1115 (March 11, 1983).

2523 FAILURE TO APPEAR

2523.1 If a person who requested a hearing does not appear and no continuance has been requested or is granted, the Board may hear the evidence of the witnesses who appear.

2523.2 The Board also may proceed to consider the matter and render a decision on the basis of evidence before it, in the manner required by this chapter.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1115 (March 11, 1983).

2524 HEARING PROCEDURES

2524.1 If the person concerned does mail a request for a hearing as required in §2520, the Board shall, within twenty (20) days following receipt of a request, notify the person concerned of the time and place of hearing.

2524.2 The Board shall hold the hearing not more than ninety (90) days nor less than thirty (30) days following the date of service of the notice.

2524.3 Each hearing before the Board shall be open to the public.

2524.4 At each hearing, at least a majority of the members of the Board shall be present to hear the evidence and render a decision.

2524.5 A person entitled to a hearing shall have the following rights:

- (a) To be represented by counsel;
- (b) To present all relevant evidence by means of witnesses and books, papers, and other documents;
- (c) To examine all opposing witnesses on any matter relevant to the issues; and
- (d) To have subpoenas issued to compel the attendance of witnesses and the production of relevant books, papers, and documents upon making written request to the Board.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1114 (March 11, 1983).

2525 POWERS OF THE HEARING BOARD

2525.1 In connection with any hearing held pursuant to this chapter, the Board shall have the following powers:

- (a) To request that counsel from the Office of the Corporation Counsel represent the District in any case before the Board;

- (b) To administer oaths or affirmations, either personally or through a designated agent, to witnesses called to testify;
- (c) To subpoena respondents and other witnesses and relevant books, papers, and documents;
- (d) To take testimony and to examine witnesses; and
- (e) To direct continuance of any case without regard to the limitation in §2521.1.

2525.2 In proceedings before the Board, if any person refuses to respond to a subpoena, refuses to take the oath or affirmation as a witness, refuses to be examined, or refuses to obey any lawful order of the Board contained in its decision rendered after a hearing, the Board may make application to the proper court for an order requiring obedience.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1115 (March 11, 1983).

2526 TRANSCRIPTS OF HEARINGS

2526.1 In all hearings conducted under this chapter, a complete record shall be made of all evidence presented during the course of the hearing.

2526.2 Any party to the proceedings desiring it shall be furnished with a copy of the record, upon payment of a fee prescribed by the Mayor.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1116 (March 11, 1983).

2527 EVIDENCE AND BURDEN OF PROOF

2527.1 In all proceedings held by the Board, the Board shall receive and consider any evidence or testimony. However, the Board may exclude incompetent, irrelevant, immaterial, or unduly repetitious evidence or testimony.

2527.2 In any Board proceeding resulting from the Board's proposed action to deny licensure, the applicant shall have the burden of satisfying the Board of his or her qualifications.

2527.3 In any Board proceeding resulting from the Board's proposed action to refuse to renew, to cancel, to suspend, to revoke, or to censure a licensee, the District shall have the burden of proving that such action should be taken.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1116 (March 11, 1983).

2528 FINDINGS AND DECISIONS

2528.1 The members of the Board who conduct the hearing shall render their decision, in writing, as soon as practicable, but not later than ninety (90) days after the date the hearing is completed.

2528.2 The decision of the Board shall contain the following:

- (a) Findings of fact made by the Board;
- (b) Application by the Board of the provisions of the statutes and this chapter to the facts as found by the Board;
- (c) The decision of the Board based upon findings of fact and the application of the law;
- (d) A statement informing the person concerned of his or her right to have the Board's decision reviewed by the District of Columbia Court of Appeals; and
- (e) A statement regarding the time within which a judicial review of the Board's decision by the District of Columbia Court of Appeals must be sought.

2528.3 Within five (5) days after the decision is rendered, the Board shall serve, either personally or by certified mail, a copy of the written decision upon the person concerned, or his or her attorney of record.

2528.4 If the decision is sent by certified mail, it shall be deemed to have been served on the date contained on the return receipt, or refusal of the person concerned to receive notice, or the date of the unsuccessful attempt of the postal service to make delivery.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1116 (March 11, 1983).

2529 REOPENING OF HEARING PROCEEDINGS

2529.1 If, because of accident, sickness, or other good cause, a person fails to receive a hearing or fails to appear for a hearing which he or she requested, the person may, within thirty (30) days from the date of the decision of the Board, apply to the Board to reopen the proceedings.

2529.2 If the Board finds the cause sufficient, it shall immediately fix a time and place for a hearing and give the person, the Corporation Counsel, and the Director notice as required by this chapter.

2529.3 The Board may also reopen a proceeding for any other cause sufficient to it, if no appeal is pending before a court or has been decided by a court.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1116 (March 11, 1983).

2530 CONTINUING EDUCATION: REQUIREMENTS FOR CERTIFIED PUBLIC ACCOUNTANTS HOLDING PERMITS TO PRACTICE

2530.1 An applicant seeking biennial renewal of a permit shall provide proof of having completed no less than eighty (80) hours of acceptable continuing professional education during the two-year (2) period preceding the date the license expires, or in the case of renewal of a permit that expires on October 31, 1990, during the period of July 1, 1988, to September 30, 1990.

2530.2 An applicant seeking to renew an initial permit issued less than two (2) years, but more than one (1) year prior to the renewal, shall provide proof of having completed no less than forty (40) hours of acceptable continuing professional education.

- 2530.3 An applicant who has failed to renew the permit to practice for a period of less than three (3) years shall provide proof of having completed no less than forty (40) hours, per inactive year, of approved continuing professional education.
- 2530.4 An applicant who has failed to renew the permit to practice for a period of more than three (3) years shall show reasonable cause or excusable neglect and provide proof of continuing competency to practice as determined by the Board.
- 2530.5 The Board may make exception to these requirements for reason of individual hardship including health, military service, foreign residence, retirement of other good cause.
- 2530.6 Applicants requesting an exception shall file the request on a form to be provided by the Board thirty (30) days prior to the expiration of the current permit to practice.
- 2530.7 Subsections 2530.1 and 2530.2 shall apply commencing with the 1986 renewal period, except that holders of permits issued prior to June 30, 1985, shall be required to have only forty (40) hours for the 1986 renewal.

SOURCE: Final Rulemaking published at 32 DCR 4025 (July 12, 1985); as amended by Final Rulemaking published at 36 DCR 8506 (December 22, 1989).

2531 CONTINUING EDUCATION: ACCEPTABLE CONTINUING PROFESSIONAL PROGRAMS

- 2531.1 A program shall qualify as acceptable continuing professional education for purposes of D.C. Code §2-114(c) (1981), if it meets the following standards:
- (a) It is a formal program of learning which contributes to the growth in the professional competence of an individual in the practice of public accountancy; and
 - (b) It is substantially equivalent to the minimum standards of quality of development and presentation and of measurement and reporting of credit set forth in the Statement of Standards for Formal Continuing Education Programs adopted on September 24, 1979, by the National Association of State Boards of Accountancy (Appendix 25-1).
- 2531.2 Acceptable continuing education programs shall include those classes, correspondence study courses, institutes, conferences, lectures, professional meetings, seminars, or comparable educational activities which meet the standards established in §2531.1, subject to audit by the Board.
- 2531.3 Continuing education credits received from an acceptable program shall be granted in the following subject areas;
- (a) Accounting and auditing;
 - (b) Taxation;
 - (c) Management;

- (d) Computer Science;
 - (e) Communication arts (accounting oriented);
 - (f) Mathematics, statistics, probability and quantitative applications in business;
 - (g) Economics;
 - (h) Business Law;
 - (i) Functional fields of business, including finance, production, marketing, personnel relations, and business management and organization;
 - (j) Specialized areas of industry (oil and gas, real estate, farming, etc.); and
 - (k) Administrative practice (accountant's legal liability, engagement letters, and personnel).
- 2531.4 Credit may be granted for subjects other than those specified in §2531.3 upon a showing by the applicant that the subjects contribute to professional competence. The responsibility for demonstrating the contribution of a particular program shall rest solely upon the applicant.
- 2531.5 Credit may be granted for the following group programs provided they comply with §§2531.1 and 2531.3:
- (a) Professional education and development programs of national, state and local accounting organizations;
 - (b) Technical sessions of meetings of national, state and local accounting organizations and their chapters;
 - (c) University or college courses, both credit and non-credit;
 - (d) Formal in-firm education programs;
 - (e) Programs of other organizations (accounting, industrial, professional, etc.);
 - (f) Committee meetings of professional societies which are structured as formal education programs;
 - (g) Dinner, luncheon and breakfast meetings which are structured as formal educational programs; and
 - (h) Firm meetings for staff and/or management groups which are structured as formal education programs. (Portions of such meetings devoted to the communication and application of general professional policy or procedure may qualify, but portions devoted to firm administrative, financial, and operating matters shall not qualify).
- 2531.6 Applicants requesting credit for continuing education requirements as set forth in §2530, shall submit a written application on a form provided by the Board.

- 2531.7 The proper fees and all required documents shall accompany the application at the time of filing.
- 2531.8 Every applicant who is denied accreditation or certification for reasons other than failing to meet equivalent requirements shall be given an opportunity for an open hearing pursuant to §2524 of this chapter.
- 2531.9 Continuing professional education credit shall be given for whole hours only, with a minimum of fifty (50) minutes constituting one (1) hour. As an example, one hundred (100) minutes of continuous instructions would count as two (2) hours; however, more than fifty (50) minutes but less than one hundred (100) minutes of continuous instruction would count as one (1) hour. Only time spent in instruction, and not preparation time, shall be credited.
- 2531.10 Each semester hour of credit shall equal fifteen (15) hours toward the requirement, and a quarter hour of credit shall equal ten (10) hours for university or college courses.
- 2531.11 Credit for correspondence and formal individual study programs, including taped study programs, shall be as recommended by the program sponsor on the basis of one-half the average completion time under appropriate "field tests." Applicants claiming credit for such correspondence or formal individual study courses shall be required to obtain evidence of satisfactory completion of the course from the program sponsor. Credit shall be allowed in the renewal period in which course is completed.
- 2531.12 An instructor, discussion leader or speaker at approved programs may claim continuing professional education credit for both preparation and presentation time. Credit may be claimed for actual preparation time up to two (2) times the class contact hours. The maximum credit for preparation and teaching time shall be fifty percent (50%) of the applicable renewal period requirement. For repetitious presentations the instructor shall receive no credit unless he or she can demonstrate that the subject matter involved was changed sufficiently to require significant additional study or research.
- 2531.13 Credit may be granted for published articles and books, provided they contribute to the professional competence of the applicant. Credit for preparation of publications may be claimed on a self-requirement basis for up to twenty-five percent (25%) of the renewal period requirement. In exceptional circumstances an applicant may request additional credit by submitting the article(s) or book(s) to the Board with an explanation of the circumstances which justify a greater credit. The amount of credit awarded for a given publication shall be determined by the Board.

SOURCE: Final Rulemaking published at 32 DCR 4025, 4026 (July 12, 1985).

2532 CONTINUING EDUCATION: REPORTING

- 2532.1 The renewal application for a permit to practice shall accompany a signed statement of the continuing professional education programs for which credit is requested and shall include the following:

(a) Sponsoring organization;

- (b) Location of program;
- (c) Title of program or description of content;
- (d) Dates attended; and
- (e) Hours claimed.

2532.2 Responsibility for documenting the acceptability of the program and validity of the credits shall be the responsibility of the applicant.

2532.3 The documentation shall be retained by the applicant for a period of five (5) years after the completion of the program and shall consist of the following:

- (a) Copy of the course outline prepared by the course sponsor;
- (b) In the case of courses taken at accredited universities and colleges, proof of satisfactory completion of the course; and
- (c) In the case of individual study programs, proof of written completion.

2532.4 The Board may verify information submitted by applicants for permits.

2532.5 In cases where the Board determines that the requirement is not met, the Board may grant an additional period of time in which the deficiencies can be cured.

SOURCE: Final Rulemaking published at 32 DCR 4025, 4028 (July 12, 1985).

2533 CONTINUING EDUCATION: ADVISORY COMMITTEE

2533.1 The Board may appoint an Advisory Committee on continuing education.

2533.2 Members of the Advisory Committee may be certified public accountants licensed under the Act or may be educators or users of financial statements.

2533.3 All members shall reside in the District of Columbia.

SOURCE: Final Rulemaking published at 32 DCR 4025, 4029 (July 12, 1985).

2534 - 2539 [RESERVED]

2540 PARTNERSHIP AND CORPORATE PRACTICE: PROFESSIONAL RELATIONSHIP RESPONSIBILITIES AND CONDUCT

2540.1 Nothing in this §§2540 to 2547 relating to accountancy partnerships and corporations shall alter the duties and responsibilities of a licensed person or the person's professional relationships with clients and others.

- 2540.2 No partnership or corporation may do any act that an individual licensed to render professional services under the Act is prohibited to do.

SOURCE: Final Rulemaking published at 35 DCR 4131 (June 3, 1988).

2541 PARTNERSHIP AND CORPORATE PRACTICE: APPLICATION FOR PERMIT TO PRACTICE

- 2541.1 Within thirty (30) days of the effective date of §§2540 to 2547, every partnership or corporation practicing public accountancy in the District of Columbia not holding a permit to practice shall file an application with the Board.

- 2541.2 Applicants shall submit to the Board an application for a permit to practice on a form furnished by the Board. The application shall be signed by a partner of the partnership, or shareholder of the corporation, who is licensed under the Act and shall be sworn to before a notary public.

- 2541.3 The Board shall, within a reasonable time after an application for a permit is submitted, either approve the application and issue a permit to practice or disapprove the application and notify the applicant.

- 2541.4 If the Board proposes to disapprove an application, the applicant may request a hearing pursuant to §2520.

- 2541.5 No applicant shall hold itself out as engaged in public accounting, nor shall it render any professional services unless and until a permit to practice has been issued.

SOURCE: Final Rulemaking published at 35 DCR 4131 (June 3, 1988).

2542 PARTNERSHIP AND CORPORATE PRACTICE: REQUIREMENTS TO PRACTICE IN THE DISTRICT

- 2542.1 Except as provided in §2546.2, no partnership or corporation shall hold itself out as engaged in public accounting, nor shall it render any professional services, unless it holds a permit to practice issued under this section.

- 2542.2 The Board shall issue a permit to practice to an applicant if it finds the following:

(a) That applicant is one of the following:

- (1) A professional corporation organized and existing pursuant to D.C. Code §§29-601 *et seq.* (1981);
- (2) A foreign professional corporation possessing a valid certificate of authority to render professional services in the District of Columbia pursuant to D.C. Code §29-614 (1981); or
- (3) A partnership organized and existing under D.C. Code §41-101 *et seq.* (1981) or under the laws of a jurisdiction other than the District of Columbia;

- (b) That each office of the applicant in the District is under the direct supervision of at least one partner or the resident manager who is either a principal, shareholder, or staff employee licensed under the Act. The partner or resident manager may serve in such capacity at one (1) office only; and
- (c) That the applicant is in compliance with all applicable requirements of the Act, this chapter, and all other District laws and rules with respect to partnerships or corporations.

SOURCE: Final Rulemaking published at 35 DCR 4131, 4132 (June 3, 1988).

2543 PARTNERSHIP AND CORPORATE PRACTICE: OWNERSHIP AND TRANSFER OF SHARES IN A PROFESSIONAL CORPORATION

- 2543.1 The shares of an accountancy corporation shall only be held by the following:
- (a) The Corporation;
 - (b) An individual who:
 - (1) Holds a permit to practice public accounting pursuant to D.C. Code §2-114 (1981); and
 - (2) Qualifies to hold shares in the corporation pursuant to D.C. Code §29-611 (1981); or
 - (c) The personal representative or the estate of a deceased or legally incompetent shareholder.
- 2543.2 If there are two (2) or more shareholders in an accountancy corporation and one (1) of the shareholders dies or becomes a disqualified person as defined in D.C. Code §29-615 (1981), that person's shares shall be sold and surrendered in accordance with D.C. Code §29-616 (1981).
- 2543.3 The restrictions of §§2543.1 and 2543.2 shall be set forth in the corporation's by-laws or articles of incorporation.
- 2543.4 The share certificates of an accountancy corporation shall contain the following legend:
- "The ownership and transfer of these shares and the rights and obligations of shareholders are subject to the limitations of the District of Columbia Professional Corporation Act."**
- 2543.5 Each permit holder shall notify the Board of Accountancy within thirty (30) days of the occurrence of any change relating to the requirements of §2542 or §2543 including any changes in officers, shareholders, partners, and resident managers.

SOURCE: Final Rulemaking published at 4131, 4133 (June 3, 1988).

2544 PARTNERSHIP AND CORPORATE PRACTICE: NAME USAGE

- 2544.1 A permit holder shall not render professional services using a name other than that which is stated in its permit to practice or in its partnership or corporation registration.

SOURCE: Final Rulemaking published at 4131, 4134 (June 3, 1988).

2545 PARTNERSHIP AND CORPORATE PRACTICE: CLAIMS AGAINST AN ACCOUNTANCY PARTNERSHIP OR CORPORATION

- 2545.1 Liability for claims against an accountancy corporation, or against any individual rendering professional service on behalf of such corporation, shall be determined in accordance with D.C. Code §29-611 (1981).

- 2545.2 Liability for claims against an accountancy partnership, or against any individual rendering professional service on behalf of such partnership, shall be determined in accordance with D.C. Code §41-101 *et seq.* (1981).

SOURCE: Final Rulemaking published at 4131, 4134 (June 3, 1988).

2546 PARTNERSHIP AND CORPORATE PRACTICE: NONRESIDENT (FOREIGN) PRACTITIONER

- 2546.1 Except as provided in §2546.2, every nonresident partnership or corporation which engages in the practice of public accountancy in the District of Columbia, shall comply with the requirements of this chapter and the Act.

- 2546.2 A nonresident partnership or corporation which provides only temporary or periodic accounting work incidental to a regular practice in another jurisdiction pursuant to D.C. Code §2-106(b) (1981) shall not be required to hold a permit issued pursuant to §2542, but shall conduct such business in conformity with the rules of professional conduct promulgated by the Board.

SOURCE: Final Rulemaking published at 4131, 4134 (June 3, 1988).

2547 PARTNERSHIP AND CORPORATE PRACTICE: TERM AND RENEWAL OF PERMIT

- 2547.1 A permit issued under §2542 shall expire on October 31 of each even-numbered year.

- 2547.2 Every permit holder shall be required to file a renewal application on or before the expiration of the current permit.

- 2547.3 Each permit holder shall be required to report immediately to the Board any change of address, giving both its old and its new address. No fee shall be charged for filing such notification.

SOURCE: Final Rulemaking published at 4131, 4135 (June 3, 1988).

2599 DEFINITIONS

2599.1 As used in this chapter, the following terms and phrases shall have the meanings ascribed:

Act - Public Law 2-59, the District of Columbia Public Accountancy Act of 1977, effective March 16, 1978, as amended, D.C. Code §2-101 *et seq.* (1981)

Board - the District of Columbia Board of Accountancy.

Certificate - the certificate of Certified Public Accountant issued under §8 of the Act.

Client - the person or entity retaining a licensee for the performance of public accounting services.

Department - the D.C. Department of Consumer and Regulatory Affairs.

Director - the Director of the D.C. Department of Consumer and Regulatory Affairs, or his or her agent or designee.

Enterprise - any person or entity, whether organized for profit or not, for which a licensee performs public accounting services.

Financial statements - statements and related footnotes that purport to show financial position at a point in time or changes in financial position which relate to a period of time, on the basis of generally accepted accounting principles or another comprehensive basis of accounting. The term does not include incidental financial data included in management advisory services reports to support recommendations to a client, nor does it include tax returns and supporting schedules.

Generally accepted accounting principles - the pronouncements issued by the Financial Accounting Standards Board and the predecessor entities, and similar pronouncements issued by other entities having similar, generally recognized authority.

Generally accepted auditing standards - the generally accepted auditing standards adopted by the American Institute of Certified Public Accountants, together with interpretations thereof, published by the American Institute of Certified Public Accountants.

Incidental practice - the practice of public accountancy for a client the headquarters or home office of which is located outside the District but which has a branch or subsidiary located in the District, for which the practice of public accountancy is being performed.

License - a permit to practice.

Licensee - an individual or firm holding permit to practice issued under §15 of the Act.

Permit to Practice - a valid permit to practice as defined in the Act and issued in accordance with §15 of the Act.

Person - includes partnerships, corporations, and associations, as well as natural persons.

Periodic accounting work - accounting work recurring from time to time.

Practice of public accountancy - offering to perform or performing for a client or potential client one or more types of services involving the use of accounting or auditing skills, or one or more

types of management advisory or consulting services, or the preparation of tax returns or the furnishing of advice on tax matters, while holding oneself out in a manner that would state or imply that one is a licensee.

Professional services - any service performed or offered to be performed by a licensee for a client in the course of the practice of public accountancy as defined in this section.

Temporary accounting work - accounting work to be performed only once for a particular client.

SOURCE: Final Rulemaking published at 30 DCR 1101, 1117 (March 11, 1983), as amended by Final Rulemaking published at 35 DCR 4131, 4135 (June 3, 1988).

APPENDIX 25-1

**STATEMENT ON STANDARDS
FOR
FORMAL CONTINUING EDUCATION PROGRAMS
ADOPTED ON SEPTEMBER 24, 1979
BY THE NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY**

To help ensure that practitioners receive quality continuing professional education, appropriate standards are needed. With appropriate standards, programs are less likely to vary in quality of development and presentation and in measurement and reporting of credits.

Moreover, the large number of programs available throughout the United States, the varying backgrounds of credentials of sponsoring organizations, and the mobility of participants in these programs create measuring and reporting problems that suggest the need for nationally uniform standards. The purpose of this statement is to provide such uniform criteria.

Throughout this statement, the term "programs" refers to both formal group and formal self-study programs. A group program is an educational process designed to permit a participant to learn a given subject through interaction with an instructor and other participants. When a group program complies with the standards in this statement it becomes a "formal" group program. All other programs are informal. A self-study program is an educational process designed to permit a participant to learn a given subject without major interaction with an instructor. For the self-study program to be "formal," (1) the sponsor of it shall provide a certificate upon evidence of satisfactory completion, such as a complete workbook examination, and (2) it shall comply with the standards in this statement. "Sponsors" are the organizations responsible for presenting programs and are not necessarily program developers; however, it is their responsibility to see that their programs comply with all the standards of this statement.

STANDARDS FOR CPE PROGRAM DEVELOPMENT

Standard No. A-1. The program should contribute to the professional competence of participants.

Commentary. The fundamental purpose of continuing education is to increase the practitioner's professional competence. A professional person is one characterized as conforming to the technical and ethical standards of his or her profession. This characterization reflects the expectation that a person holding himself or herself out to perform services of a professional quality needs to be knowledgeable within a broad range of related skills. Thus, the concept of professional competence is to be broadly interpreted. It includes, but is not restricted to, accounting, auditing, taxation, and management advisory services. Accordingly, programs contributing to the development and maintenance of other professional skills also should be recognized as acceptable continuing education programs. The programs might include, but may not be restricted to, the areas of communication, ethics, quantitative methods, behavioral sciences, statistics, and practice management.

Standard No. A-2. The stated program objectives should specify the level of the knowledge the participant should have attained or the level of competency he or she should be able to demonstrate upon completing the program.

Commentary. Program developers should clearly disclose that level of knowledge and/or skill that is expected to be imparted under a particular program. The levels may be expressed in a

variety of ways, all of which should be informative to potential participants. As an illustration, a program may be described as having the objective of imparting technical knowledge at such levels as basic, intermediate, advanced, or overview, which might be defined as follows:

- (a) A basic level program teaches fundamental principles or skills to participants having no prior exposure to the subject area;
- (b) An intermediate level program builds on a basic level program in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications;
- (c) An advanced level program teaches participants to deal with complex situations; and
- (d) An overview program enables participants to develop a perspective as to how a subject area relates to a broader aspect of accounting or brings participants up to date on new developments in the subject area.

Standard No. A-3. The education and/or experience prerequisites for programs should be stated.

Commentary. All programs should clearly identify what prerequisites are necessary for enrollment. If no prerequisite is necessary, a statement to this effect should be made. Prerequisites should be specified in precise language so potential participants can readily ascertain whether they qualify for the program or whether the program is above or below their level of knowledge or skill.

Standard No. A-4 Programs should be developed by individual(s) qualified in the subject matter and in instructional design.

Commentary. This standard is not intended to require that any individual program developer be both technically competent and competent in instructional design. Its purpose is to ensure that both types of competency are represented in a program's development, whether one (1) or more persons are involved in that development. Mastery of the technical knowledge or skill in instructional design may be demonstrated by appropriate experience or educational credentials.

"Instructional design" is a teaching plan that considers the organization and interaction of the materials, as well as the method of presentation such as lecture, seminar, workshop, or programmed instruction.

Standard No. A-5. Program content should be current.

Commentary. The program developer shall review the course materials periodically to assure that they are accurate and consistent with currently accepted standards relating to the program's subject matter. Between these reviews, errata sheets should be issued where appropriate and obsolete materials should be deleted. However, between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor is responsible for informing participants of changes. If, for example, a new accounting standard is issued, a program will not be considered current unless the ramifications of the new standards have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.

Standard No. A-6. Programs should be reviewed by a qualified person(s) other than the preparer(s) to ensure compliance with the standards in this Appendix.

Commentary. In order to ensure that programs meet the standards for program development, they should be reviewed by one (1) or more individuals in the subject area and in the instructional design. Any one reviewer need not be competent in both the program subject matter and in instructional design, but both aspects of a program should be reviewed. However, it may be impractical to review certain programs, such as a short lecture given only once; in these cases, more reliance shall be placed on the competence of the presenter.

STANDARDS FOR CPE PROGRAM PRESENTATION

Standard No. B-1. Participants should be informed in advance of objectives, prerequisites, experience level, content, advance preparation, teaching method(s), and recommended contact hours credit.

Commentary. In order for potential participants to most effectively plan their continuing education, the salient features of any program should be disclosed. Accordingly, brochures or other announcements should be available well in advance of each program and should contain clear statements concerning objectives, prerequisites (if any), experience level, program content, the nature and extent of advance preparation, the teaching method(s) to be used, and the amount of credit the program is designed to qualify for.

Standard No. B-2. The instructor is a key ingredient in the learning process in any group program. Therefore, it is imperative that sponsors exercise great care in selecting qualified instructors for all group programs. A qualified instructor is one who is capable, through background, training, education, and/or experience, of providing an environment conducive to learning. He or she should be competent in the subject matter and skilled in the use of the appropriate teaching method(s). Although instructors are selected with great care, sponsors should evaluate their performance at the conclusion of each program to determine their suitability for continuing to serve as instructors in the future.

Standard No. B-3. Program sponsors should encourage participation only by individuals with appropriate education and/or experience.

Commentary. So that participants can expect programs to increase their professional competence, this standard encourages sponsors to urge only those who have appropriate education and/or experience to participate. The term "education and/or experience" in the standard also implies that participants will be expected to complete any advance preparation. An essential step in encouraging advance preparation is timely distribution of program materials. Although implementing this standard may be difficult, sponsors should make (1) enrollment only by eligible participants, (2) timely distribution of materials, and (3) completion of any advance preparation.

Standard No. B-4. The learning environment is affected by the number of participants and by the quality of the physical facilities. Sponsors have an obligation to pay serious attention to these two (2) factors. The maximum number of participants for a case-oriented discussion program, for example, should be considerably less than for a lecture program. The seating arrangement is also very important. For a discussion presentation, learning is enhanced if seating is arranged so that participants can easily see and converse with each other. If small group sessions are an integral part of the program format, appropriate facilities should be available to encourage communications within a small group. In effect, class size, quality of facilities, and seating arrangements are integral and important aspects of the educational environment and should be carefully controlled.

Standard No. B-5. All programs should include some means for evaluating quality.

Commentary. Evaluation should be solicited from both participants and instructors. The objective of evaluations is to encourage sponsors to strive for increased program effectiveness. Programs should be evaluated to determine the following:

- (a) Whether the objectives have been met;
- (b) Whether the prerequisites were necessary or desirable;
- (c) Whether the facilities were satisfactory;
- (d) Whether the instructor was effective;
- (e) Whether the advance preparation materials were satisfactory; and
- (f) Whether the program content was timely and effective.

Evaluations might take the form of pre-tests for advance preparation, post-tests for effectiveness of the program, questionnaires completed at the end of the program or later, oral feedback to the instructor or sponsor, and so forth. Instructors should be informed of their performance, and sponsors should systematically review the evaluation process to ensure its effectiveness.

STANDARDS FOR CPE PROGRAM MEASUREMENT

Standard No. C-1. All programs should be measured in terms of fifty (50) minute contact hours. The shortest recognized program should consist of one (1) contact hour.

Commentary. The purpose of this standard is to develop uniformity in the measurement of continuing education activity. A contact hour is fifty (50) minutes of continuous participation in a group program. Under this standard, credit is granted only for full contact hours. For example, a group program lasting one hundred (100) minutes would count for two (2) hours; however, one lasting between fifty (50) and one hundred (100) minutes would count for only one (1) hour. For continuous conferences and conventions, when individual segments are less than fifty (50) minutes, the sum of the segments should be considered one total program. For example, five, thirty (30) minute presentations would equal one hundred fifty (150) minutes and should be counted as three (3) contact hours. For university or college courses, each semester hour credit should equal fifteen (15) hours toward the requirement. A quarter hour credit should equal ten (10) hours.

Sponsors are encouraged to monitor group programs in order to accurately assign the appropriate number of credit hours for participants who arrive late or leave before a program is completed.

Since credit is not allowed for preparation time for group programs, it shall not be granted for the equivalent time in self-study programs. Self-study programs shall be pre-tested to determine average completion time. One-half of the average completion time is the recommended credit to be allowed. For example, a self-study program takes an average of eight hundred (800) minutes to complete is recommended for eight (8) "contact hours" of credit.

Standard No. C-2. Instructors and discussion leaders should receive credit for both preparation and presentation. For the first time they present a program, they should receive contact hour credit for actual preparation hours up to two (2) times the class contact hours. If a course

is rated as eight (8) contact hours, the instructor could receive up to twenty-four (24) contact hours of credit (sixteen (16) hours for preparation and eight (8) hours for presentation). For repetitious presentations the instructor shall receive no credit unless he or she can demonstrate that the subject matter involved was changed sufficiently to require significant additional study or research.

In addition, the maximum credit for preparation and presentation should not exceed fifty percent (50) of the total credit accumulated in a reporting period. For example, if a discussion leader's state requires forty (40) hours of continuing education yearly, and he or she actually taught sixteen (16) hours and took thirty (30) hours to prepare, the most credit he or she could claim would be twenty (20) hours.

STANDARDS FOR CPE REPORTING

Standard No. D-1. Participants in group or self-study programs should document their participation including the following:

- (a) Sponsor;
- (b) Title and/or description of content;
- (c) Date(s);
- (d) Location; and
- (e) Number of contact hours.

Documentation shall be retained for an appropriate period.

Commentary. This standard is designed to encourage participants to document their attendance at a group program or participation in a self-study program. State laws or regulations may dictate the length of time to retain documentation. In the absence of legal specifications, a reasonable policy would be to retain documentation for five (5) years from the date the program is completed. For self-study programs evidence of completion would normally be the certificate supplied by the sponsor.

Standard No. D-2. In order to support the reports that may be required of participants, the sponsor of group or self-study programs should retain for an appropriate period the following:

- (a) Record of participation;
- (b) Outline of the course (or equivalent);
- (c) Date(s);
- (d) Location;
- (e) Instructor(s); and
- (f) Number of contact hours.

